

IFTA ELECTRONIC VERIFICATION OF CREDENTIALS DISCUSSION BALLOT

As its name suggests, this **DISCUSSION BALLOT** is submitted to the IFTA Board of Trustees to assist the IFTA community in determining what concepts might be appropriate for IFTA, if the members of the Agreement chose to implement the Electronic Verification of Credentials. *Neither the concepts nor the language presented here are not to be considered final.*

The general intent of the **DISCUSSION BALLOT** is to replace the physical IFTA license and the IFTA decals with electronic records of, respectively, a base jurisdiction's authority (license) for a licensee to report qualified motor vehicles under IFTA, and the VINs of qualified motor vehicles in a licensee's IFTA fleet. All of the amendments to the IFTA Manuals here are suggested only toward the achievement of that goal.

ARTICLES OF AGREEMENT

ARTICLE II

R201 Account Number means the number assigned to a licensee by its base jurisdiction as specified by P200 through P240.

R235 License means the granting by a jurisdiction to a person the authority for the person to report a fleet's operations under the Agreement.

~~**R263 Temporary Decal Permit** means a permit issued by the base jurisdiction or its agent to be carried in a qualified motor vehicle in lieu of display of the permanent annual decals. A temporary decal permit is valid for a period of 30 days to give the carrier adequate time to affix the annual permanent decals.~~

R268 Vehicle Identification Number, or VIN, means the unique identifier assigned to a qualified motor vehicle at the time of its manufacture.

ARTICLE III

R330 APPLICATION PROCESSING

Upon receipt of an IFTA fuel tax license application from a new applicant, the base jurisdiction should check all entries on the application to ensure that they are complete. If the base jurisdiction feels more information is required, the licensee **jurisdiction** should immediately be contacted **the applicant** requesting the required information. Upon being satisfied that the application is correct and that the applicant is in compliance with the base jurisdiction's laws, the base jurisdiction shall ~~issue the fuel tax credentials for~~ **license the fleet applicant, and assign the new licensee an account number as specified in the P200 through P240.**

R605 ~~337~~ IDENTIFICATION REQUIREMENT EFFECT OF LICENSING

~~The base jurisdiction shall issue a license and two decals per vehicle. The license and decals~~ **granted by the base jurisdiction** shall qualify the licensee's **fleet of qualified motor vehicles** to operate in all member jurisdictions without further licensing or identification requirements in regard to motor fuel use taxes, **except for the licensee's submission of vehicle identification information to the base jurisdiction as required by R610.**

R338 LICENSE FORM AND CONTENT

An IFTA license shall be an electronic record maintained by the base jurisdiction, with the content specified by the Procedures Manual.

A base jurisdiction shall, on the request of a licensee, issue a physical document to a licensee that evidences the licensee's authority to report under the Agreement. No jurisdiction shall require any such license document, or a copy thereof, to be carried or displayed in or on any vehicle.

R339 LICENSE PERIOD

The license is valid for the calendar year ending December 31 for which it is granted.

R345 LICENSE RENEWAL

.100 A renewal license ~~and decal~~ for the following calendar year will be issued upon application if the license is not revoked, suspended or canceled, all tax returns have been filed, and all motor fuels use taxes, penalties and interest due have been paid and the applicant is in compliance with the base jurisdiction's laws.

.150 The account number assigned to a licensee will remain unchanged from year to year unless the license is canceled or revoked.

.200 In lieu of renewal application, jurisdictions may notify a licensee that meets the requirements of R345.100 that their license will automatically be renewed for the following calendar year.

.300 Jurisdictions have the right to cancel or deny renewal of an IFTA license to a carrier that does not leave the confines of the borders of the base jurisdiction and reports zero or base jurisdiction distance only for three (3) or more consecutive quarters. The base jurisdiction has the right to require proof of out of jurisdiction travel prior to allowing the carrier to get licensed again under the IFTA agreement. Proof may be in the manner of out of jurisdiction fuel permits purchased and/or amended IFTA returns showing actual distance traveled during a quarter already filed or for those reasons the base jurisdiction deems necessary to reissue the license including but not limited to the list included in R345.100.

.400 Improper use of the license ~~or the decal~~ by the licensee may be cause for revocation of the license.

R350 NOTIFICATION TO MEMBER JURISDICTIONS

The base jurisdiction shall send to each member jurisdiction a listing of new applicants, identifying the ~~license~~ **account** numbers assigned. New applicant information shall be forwarded to each member jurisdiction quarterly.

R355 FEES

The base jurisdiction may collect its statutorily authorized fees for issuance of the license ~~and decal~~ to licensees based in its jurisdiction.

R360 PROVIDING INFORMATION TO LICENSEES

Each jurisdiction shall provide licensees and prospective licensees with all information required to enable them to comply with all the terms of this Agreement. When ~~credentials are issued to a new licensee~~ **an applicant is newly licensed**, information shall be provided to the licensee which completely describes the requirements of the Agreement. This should include, ~~but not be limited to~~ **at least the following information:**

~~.100 Instructions for display of license or cab card and decals;~~

~~.200 Licensing requirements and cancellation provisions;~~

~~.300~~ **.200** Tax reporting and recordkeeping requirements;

~~.400~~ **.300** Audit information;

~~.500~~ **.400** Explanation of base jurisdiction determination;

.500 Requirements for the licensee to submit vehicle identification number information to the jurisdiction.

As the Articles of Agreement, Procedures Manual, and Audit Manual are revised, it is the responsibility of each base jurisdiction to notify its licensees of the current requirements.

R365 EFFECT OF AMENDMENTS TO AGREEMENT

~~.100 If a licensee does not accept a revision to the Agreement as set out in a notice referred to in R360, the licensee must notify the base jurisdiction in writing that it is canceling its IFTA license. The motor carrier shall destroy its IFTA license and remove all decals and copies of the license from its qualified motor vehicles. A statement that this has been done shall be included in the notification to the base jurisdiction.~~

~~.200 Any licensee that notifies a base jurisdiction pursuant to R365.100, but does not destroy its license and remove all decals, is subject to appropriate penalties as imposed by a jurisdiction.~~

ARTICLE IV

R410 LICENSE CANCELLATION

.100 A base jurisdiction may, at the request of a licensee or on its own initiative, cancel a license if the licensee has complied with all applicable provisions of this Agreement, including the satisfaction of all motor fuel use tax obligations for the license period. ~~The base jurisdiction shall instruct its licensees that, upon cancellation, the original IFTA license, all license copies, and all decals shall be destroyed.~~

.200 Licenses shall be canceled in accordance with the administrative procedure laws of the base jurisdiction.

.300 The read only Clearinghouse member jurisdictions shall notify all Clearinghouse member jurisdictions quarterly of all canceled ~~accounts~~ **licenses**.

ARTICLE V

R510 RENTAL/LEASING

.100 Short-Term Leases. In the case of a short-term motor vehicle rental, by a lessor regularly engaged in the business of leasing, or renting motor vehicles without drivers, for compensation to licensees or other lessees of 29 days or less, the lessor will report and pay the fuel use tax unless the following two conditions are met:

.005 The lessor has a written rental contract which designates the lessee as the party responsible for reporting and paying the fuel use tax; and

.010 The lessor has a copy of the lessee's IFTA fuel tax license **document, issued under R338**, which is valid for the term of the rental.

Where the lessee is responsible for reporting and paying fuel use tax as provided in this subsection, the lessee is not required to submit to its base the vehicle identification numbers of the qualified motor vehicles it operates under the lease, and the lessor is not required for purposes of the lease to delete the numbers of those vehicles from the data it has submitted to its base.

.200 Long-Term Leases. A lessor regularly engaged in the business of leasing or renting motor vehicles without drivers for compensation to licensees or other lessees may be deemed to be the licensee, and such lessor may be issued a license if an application has been properly filed and approved by the base jurisdiction.

ARTICLE VI

R605 IDENTIFICATION REQUIREMENT- NO REQUIREMENT TO DISPLAY CREDENTIALS

The base jurisdiction shall issue a license and two decals per vehicle. The license and decals shall qualify the licensee to operate in all member jurisdictions without further licensing or identification requirements in regard to motor fuel use taxes.

No jurisdiction shall require any credential, markings, or decal to be carried or displayed in connection with fuel use tax reporting in or on any qualified motor vehicle operated subject to an IFTA license.

R610 LICENSE PERIOD- SUBMISSION OF VEHICLE IDENTIFICATION NUMBERS

The license is valid for the current calendar year ending December 31, and shall be reproduced by the licensee and placed in the qualified motor vehicles of the licensee's fleet. The licensee's identification code will remain unchanged from year to year until the license is canceled or revoked. The decals shall be issued annually.

.100 Each jurisdiction shall provide a secure means by which the IFTA licensees it has licensed may submit electronically to the jurisdiction the vehicle identification numbers of the qualified motor vehicles the licensee is required to report under its license.

.200 Each licensee shall, at the time it is licensed under this Agreement, submit electronically to its base jurisdiction the vehicle identification numbers of the qualified motor vehicles which the licensee is required to report under the terms of the Agreement. Thereafter, for the duration of its license, as the licensee adds or deletes vehicles from those it operates, the licensee shall update the VIN information it has submitted to its base. A licensee shall be deemed to have complied with this requirement timely if it submits updated information within two business days. See R510 for an exception to this rule for certain short-term leases.

.300 Vehicle identification number information shall be associated with the account numbers of the IFTA licensees by which their operations are required to be reported.

.400 When a base jurisdiction renews the license of a licensee, it may permit the licensee to certify as current the inventory of vehicle identification numbers it has submitted, in lieu of requiring resubmission of the information.

.500 At the time a licensee submits vehicle identification number information under this section, the base jurisdiction shall electronically issue to the licensee an acknowledgement of the specific changes submitted, including the date and time the jurisdiction received the VINs.

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.600 Jurisdictions shall transmit daily to the IFTA clearinghouse the VIN information submitted by their licensees, as provided under R2110.200.

.700 In order to ensure the accuracy of this information, a licensee shall have access to the records maintained in the IFTA clearinghouse of the vehicle identification numbers it has submitted under this section.

.800 If under R2110 the IFTA clearinghouse provides a secure means by which licensees may submit vehicle identification number information directly to the clearinghouse, a jurisdiction may satisfy its requirements under R610.100 by agreement with the clearinghouse for the clearinghouse to accept this information.

.900 The requirement for licensees to submit vehicle identification numbers under this section is intended to provide a means of enforcing fuel use tax reporting requirements without reliance upon physical vehicle credentials.

R615 FORM AND CONTENT

The form and content of the license and decal shall be specified in the IFTA Procedures Manual. The decal shall not be so designed as to require vehicle specific data.

R620 POSSESSION OF LICENSE FAILURE TO SUBMIT VEHICLE IDENTIFICATION NUMBERS

Each licensee shall be issued one IFTA license or cab card. The licensee is required to make legible copies of the license so that one copy shall be carried in each vehicle. A vehicle will not be considered to be operating under this Agreement unless there is a copy of the license in the vehicle.

.100 The failure by a licensee to submit timely to its base jurisdiction the vehicle identification number of a qualified motor vehicle in its fleet does not relieve the licensee of the obligation under R820 and R910 to report the operations of the vehicle.

.200 A jurisdiction may impose a penalty upon a licensee for failure to....

.300 A base jurisdiction may impose a penalty upon a licensee for failure to

R625 DISPLAY OF DECALS- OPERATION OF VEHICLE IN MORE THAN ONE FLEET

Each licensee shall be issued a minimum of two vehicle identification decals for each qualified vehicle in its fleet. The decals must be placed on the exterior portion of both sides of the cab. In the case of transporters, manufacturers, dealers, or driveway operations, the decals need not be permanently affixed, but may be temporarily displayed in a visible manner on both sides of the cab.

On occasion, a qualified motor vehicle may at a given time be a part of more than one licensee's fleet. In such a circumstance, each licensee shall submit to its base jurisdiction the vehicle identification number of the vehicle and report such of the vehicle's operations as that licensee is responsible for under the terms of the Agreement.

R630 DISPLAY OF RENEWAL CREDENTIALS

Carriers renewing credentials may operate with the IFTA decals and license two months prior to the effective date shown on the credentials. However, those carriers are responsible for filing a fourth quarter report for the year preceding the effective date of the new credentials, including all operations for that quarter.

R635 DISPLAY OF MULTIPLE CREDENTIALS

Qualified motor vehicles to be operated by more than one IFTA licensee during the calendar year may display IFTA decals for each active licensee concurrently.

R640 TRANSFER OF DECALS

Decals shall not be transferred between motor vehicles without authorization from the base jurisdiction.

R650 TEMPORARY DECAL PERMITS

The base jurisdiction may provide for the issuance of a 30-day IFTA temporary decal permit valid for all member jurisdictions to a licensee in good standing to carry in lieu of displaying the annual decals. The base jurisdiction may charge an administrative fee to the licensee to cover the cost of issuance. Temporary decal permits must be vehicle specific and show the expiration date. The temporary decal permit need not be displayed but shall be carried in the vehicle.

R655 GRACE PERIOD

~~.100 Carriers from new member jurisdictions shall be allowed a two-month grace period from the date of the new member's IFTA program implementation to display the IFTA license and decals. However, carriers must maintain the proper credentials for traveling in member jurisdictions until they display the valid IFTA license and decals.~~

~~.200 Carriers renewing their IFTA license and decals have a two-month grace period (January and February) to display the renewal IFTA license and decals. To operate in IFTA jurisdictions during this grace period, carriers must display either valid current or prior year IFTA license and decals from the jurisdiction in which they were operating or a valid single-trip permit from the IFTA jurisdiction in which they are operating.~~

R660 NON-COMPLIANCE

~~.100 Failure to possess a copy of the license in the vehicle may subject the vehicle operator to the purchase of a trip permit, a citation, or both.~~

~~.200 Failure to display the identification decals in the required locations or to carry a temporary permit may subject the vehicle operator to the purchase of a trip permit, a citation, or both.~~

~~.300 Improper use of the license or the decals by the licensee may be cause for revocation of the license.~~

ARTICLE VIII

R840 REPORTING INTRAJURISDICTIONAL TRAVEL

The licensee may include fuel purchases and travel by qualified motor vehicles operated exclusively within a jurisdiction by ~~obtaining IFTA decals for the intrajurisdictional vehicle(s)~~ **submitting vehicle identification number information for such vehicles to its base, as specified in R610**. Once ~~decals~~ **its VIN has been submitted to the base**, the intrajurisdictional vehicle(s) must continue to be reported until such time as the ~~decal becomes expired~~ **licensee's license** expires or the vehicle(s) are **is** no longer under the licensee's authority.

ARTICLE IX

R950 REQUIRED INFORMATION

Each jurisdiction shall utilize a standard tax return form that contains, but is not limited to, all elements specified in the IFTA Procedures Manual P720. **No jurisdiction shall require a licensee to report vehicle-specific information, other its vehicle identification numbers, as required by R610.**

ARTICLE XI

R1100 CREDITS AND REFUNDS

A licensee shall receive full credit or refund for tax-paid fuel used outside the jurisdiction where the fuel was purchased. The base jurisdiction shall allow credits and issue refunds for all of its licensees on behalf of all member jurisdictions. Refunds to licensees will be made only when all tax liability, including audit assessments, have been satisfied to all member jurisdictions.

Credit for tax paid shall not be denied to a licensee on the ground that the vehicle identification number of a vehicle in which fuel was consumed was not reported or not reported timely to the licensee's base jurisdiction as required by R610.

ARTICLE XXI

R2110 IFTA, INC. CLEARINGHOUSE

There is established the IFTA, Inc. Clearinghouse (hereafter referred to as the "clearinghouse") which is responsible for the maintenance and administration of licensee demographic and transmittal data transmitted by participating members. The clearinghouse is also responsible for providing a mechanism for the exchange of Interjurisdictional Audit Reports. The participating members may electronically view and retrieve the clearinghouse data.

.100 "Participating members" are those jurisdictions that have entered into an agreement with IFTA, Inc. to access the clearinghouse and that have submitted licensee demographic or transmittal data to the clearinghouse.

.200 Licensee demographic data includes licensee name, address, IFTA license number, **license status, licensee vehicle identification number information**, and other information identified in the IFTA, Inc. Clearinghouse Access Agreement.

.300 Transmittal data includes the information required in the IFTA Procedures Manual Section P1040.

.400 Interjurisdictional Audit Reports include the information required in the IFTA Audit Manual Section A660.200.

.500 The clearinghouse may provide on behalf of the jurisdictions a means for licensees to submit the required licensee VIN information directly to the clearinghouse.

PROCEDURES MANUAL

P100 LICENSE APPLICATION CONTENT

The application for an IFTA fuel tax license shall be in a uniform format and shall contain, ~~but not be limited to,~~ **at least** the following information:

~~P105 The account identification number specified in IFTA Procedures Manual Section P200;~~

P110 Name of owner, partners or corporation;

P115 Legal business name (if different from the name given above);

P120 Physical location of the business;

P125 Mailing address of the business;

P130 Signature or electronic submission compliant with R940.400 and P160 and date;

P135 ~~Number of IFTA decals required by licensee~~ **The vehicle identification numbers of the vehicles currently constituting the fleet for which the license is sought;**

P140 Application fee (if applicable);

~~P145 Decal fee (if applicable);~~

P155 Statement of existence of bulk storage in all member jurisdictions;

P160 Certification:

Applicant agrees to comply with tax reporting, payment, recordkeeping, and ~~license display~~ **VIN submission** requirements as specified in the International Fuel Tax Agreement **in R610**. The applicant further agrees that base jurisdiction may withhold any refunds due if applicant is delinquent on payment of fuel taxes due any member jurisdiction. Failure to comply with these provisions shall be grounds for revocation of license in all member jurisdictions; and A statement to the effect that the applicant certifies with his or her signature or electronic submission as deemed acceptable by the base jurisdiction that, to the best of his or her knowledge, the information is true, accurate, and complete and any falsification subjects him or her to appropriate civil and/or criminal sanction of the base jurisdiction. (e.g., perjury).

P310 LICENSE

The IFTA license shall be approximately 3-1/2 x 8-1/2 inches (9 x 21.5 centimeters), of a uniform format, and shall contain, but not be limited to, the following information record required under R338 shall contain at least the following information:

- .100 Base jurisdiction identification;
- .200 Licensee's name and address and DBA, if different from owner, partner or corporate name;
- .300 Licensee's account identification number; and
- .400 Expiration date (month, day and year).

P320 DECALS

.100 Contents

Decals will be approximately 3 inches x 3 inches (7.5 centimeters x 7.5 centimeters) with white letters and a background color as specified for the current year. The letters "IFTA" are to be a minimum of 3/4 inch (1.88 centimeters) in height and are to be incorporated into the decal with the letter I in the upper left hand corner, the letter A in the lower righthand corner, and the letters F and T to be incorporated in such a way as to constitute a diagonal design on the decal. The two-letter jurisdiction designation shall be displayed in the lower left hand corner, and at least the last two numbers of the appropriate year are to be displayed in the upper right hand corner. Decals shall be serialized. The serial number of each decal shall be no less than 3/16" high (0.47625 centimeters) and shall be displayed between the two-letter jurisdiction designation and the letter "A" of "IFTA". The coloring of the numbering shall be compatible with the background color as determined by IFTA, Inc. There shall be no other printing on the decal unless authorized by the IFTA, Inc. Board of Trustees.

.200 Materials

IFTA, Inc. shall set the standards for quality of ink, vinyl, type of font, and other pertinent standards to insure uniformity and consistency among the jurisdictions. IFTA, Inc. shall provide examples to all jurisdictions on an annual basis. Standards must be set and examples distributed by IFTA, Inc. no later than one full year prior to when the decals are required to be displayed.

.300 Administrative Fees

The base jurisdiction may impose a decal fee to recover reasonable administrative costs.

P910 LICENSEE RECORDS

The base jurisdiction shall maintain fuel tax records for licensees based in that jurisdiction for a period of five years or until they have been examined as part of a Program Compliance Review and the Final Report has been issued, whichever is later. The records shall contain, but not be limited to, the following:

.050 Tax returns;

.100 Applications;

.125 Vehicle identification number information submitted by each licensee;

.150 Audit findings and work papers;

.200 Refund requests;

.250 Notifications issued for debit or credit balances by the base jurisdiction;

.300 Payments of taxes made to the base jurisdiction;

.350 Funds received from and transmitted to other jurisdictions. Such records shall identify licensees and remittances from each licensee;

.400 Cancellation of licensee requests;

.450 Requests for hearing to resolve assessments made by the base jurisdiction; and

.500 Results of administrative hearing process.

P1070 CREDIT FOR TAX-PAID PURCHASES

Each jurisdiction will allow full credit for tax paid purchases, and any excess of tax paid over tax liability in any member jurisdiction will be credited in full to the licensee's tax liability in other member jurisdictions or to the licensee's account ledger as appropriate (see IFTA Agreement Manual Section R1000 and R1100).

Credit for tax paid shall not be denied a licensee on the ground that the vehicle identification number of a vehicle in which fuel was consumed was not reported or not reported timely to the licensee's base jurisdiction.

P1110 ANNUAL REPORTING

.100 Reporting Requirement All jurisdictions which are members under this Agreement shall submit an annual report by March 1 for the preceding calendar year to the repository for distribution to each member jurisdiction.

.200 Reporting Period The report shall be for the period beginning with the date of membership through December 31 and for each calendar year thereafter.

.300 Required Information Content of the annual report to member jurisdictions shall include:

.005 Number of total IFTA accounts (this includes new accounts, active accounts and accounts that were suspended, revoked or canceled as of December 31st of each year), which shall consist of all licensees that are issued an IFTA license ~~and decals~~ for a licensing year excluding licensees who were issued ~~credentials~~ licenses in error ~~and returned those credentials to the base jurisdiction;~~

.010 Number of accounts audited;

.015 Number of accounts audited with assessment;

.020 Number of new licensees which shall consist of all new accounts licensed, but does not include licensees renewed or reinstated, for the registration year being reported or previously registered in another member jurisdiction;

.025 Number of ~~sets of decals issued~~ licensees' VINs submitted;

~~.030 Price per set of decals; and~~

.035 Application fee amounts, including license fees, reinstatement fees, and other fees; and

.040 Name of the IFTA processing system (in-house or provider/vendor name) utilized by each jurisdiction.

.400 Exemption Database

.005 All jurisdictions which are members under this Agreement shall confirm the Exemption Database is up to date by March 1 of every year.

.010 In the event of a subsequent change to an exemption after March 1, member jurisdictions are required to update the Exemption Database within 30 days of the effective change.

AUDIT MANUAL

A320 EVALUATION OF INTERNAL CONTROLS

The auditor must provide a summary description of the licensee's distance and fuel accounting systems. The auditor should compare the distance and fuel summaries provided by the licensee to the tax returns, and document any differences. An example of the licensee's records examined by the auditor should be included in the audit file. The auditor must:

.100 Identify the records the licensee maintains to support the tax returns;

.150 Evaluate the licensee's procedures for keeping its VIN information current and submitting it timely to the base jurisdiction as required by R610;

.200 Attempt to determine if there have been changes in the licensee's distance or fuel accounting procedures or operations during the audit period;

.300 Document the existence of any internal controls;

.400 Review and test the reliability of the licensee's internal controls;

.500 Determine if sampling techniques are appropriate based on the effectiveness of the internal controls.

.600 When sampling, the reliability of the licensee's internal controls should determine the degree to which the records are tested.

.700 The above items, and the strengths and weaknesses identified in the licensee's distance and fuel accounting systems, must be documented in the audit report.